
WYNNSTAY PROPERTIES PLC

INTERIM REPORT

**SIX MONTHS ENDED
29TH SEPTEMBER 2017**

WYNNSTAY PROPERTIES PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2017

CHAIRMAN'S STATEMENT

I am delighted to be able to report very satisfactory results for the first-half of the year to 29th September 2017.

The financial results may be summarised as follows:

		2017	2016
Property Income	+16.0%	£1,116,000	£962,000
Profit before Sale of Investment Properties	+10.8%	£778,000	£702,000
Operating Income	+29.5%	£909,000	£702,000
Income before Taxation	+38.1%	£725,000	£525,000
Earnings per share	+36.3%	21.4p	15.7p
Net Asset value per share	+15.9%	685p	591p
Interim Dividend per share	+18.2%	6.5p	5.5p

Property income for the half-year increased over the same period last year to £1,116,000 (2016 - £962,000), reflecting the lettings of units at Aylesford and Liphook and uplifts on contractual rent reviews at Lichfield and Surbiton. It is particularly pleasing to note the increased rents now being achieved on the larger, multi-let, estates in the portfolio.

Operating income at £909,000 (2016 - £702,000), and Income before Taxation of £725,000 (2016 - £525,000) are both significantly higher compared to the same period last year as a result of the profit arising on the sale of our Gosport and Colchester properties.

As foreseen in my statement accompanying the annual report for last year, we have disposed of these two small retail properties realising a net profit over book value of £132,000. The disposals enabled us to repay £1,100,000 of borrowings under our revolving credit facility. Property costs are higher than in the prior half-year primarily as a result of refurbishment of units at Liphook for incoming tenants.

No additions to the portfolio have been made in the half-year. However, with our cash reserves and available borrowings, we remain in a position to make further acquisitions to enhance the portfolio.

Indeed, after the half year, we have completed the purchase of a small vacant site adjacent to the Beaver Industrial Estate at Liphook. This site will enable us to create additional units on the estate, subject to obtaining the necessary planning and other consents. We have also applied for a non-material variation of the existing planning permission for the additional units at our Aylesford Estate in order to enhance the viability of the scheme.

At Basingstoke, the tenant of two units sold his businesses last year. The new owner has decided to change the business model and contract out warehousing and distribution functions to a third party and has thus exercised the break options in his leases effective at the end of our current financial year. This will give us the opportunity to carry out a substantial refurbishment of the units while marketing them to potential new tenants. Our valuation of the units as at 25 March 2017 assumed that the tenant break options would be exercised and reflected the likely requirement for refurbishment.

At the time of writing, the portfolio is 98% let and we have collected over 99% of the rental income due for the current quarter commencing 29 September 2017.

In view of the very satisfactory financial results, I am pleased to say that we are in a position to continue our recent pattern of increasing the dividend. The Board has decided to pay an increased interim dividend of 6.5p per share

WYNNSTAY PROPERTIES PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2017

(2016 – 5.5p) on 15th December 2017 to those Shareholders on the register on 17th November 2017. Any future increases will, of course, depend on our financial performance and the economic situation and market outlook.

Despite the uncertainties arising from the decision to leave the European Union, we are encouraged that the portfolio remains fully let and with rising rents being achieved and are confident about the Company's future given the broad spread of the portfolio and range of tenants.

I must repeat, as I have done regularly when writing to you, a warning on unsolicited telephone calls to shareholders about their investments in which the caller mentions individual holdings, such as Wynnstay Properties. These approaches are highly likely to come from fraudsters and I would urge caution in responding to such calls. Wynnstay's website (www.wynnstayproperties.co.uk) includes a warning and a link to other information about unsolicited calls on the Financial Conduct Authority's website.

As previously reported, Terry Nagle retired as a Director after 19 years at the Annual General Meeting in July 2017. Paul Mather and Caroline Tolhurst joined the Board as Non-executive Directors on 28 March 2017 and I am pleased to say that the transition proved very smooth. Caroline Tolhurst has also taken on the role of Senior Independent Director formerly undertaken by Terry Nagle.

We held our Annual General Meeting this year at a new venue where our auditors provided us with excellent facilities at their offices in the City. Next year's Annual General Meeting will be held at the same venue, 150 Aldersgate Street, London EC1A 4AB on Tuesday 10th July 2018. As this year, refreshments will be offered prior to the meeting.

I would encourage shareholders to note the date in their diaries now and to try to make arrangements to attend the meeting. Whilst many shareholders take the trouble to vote at our meetings through proxies, which is a good sign of interest in Wynnstay's affairs and future, we welcome the opportunity to meet with and talk to shareholders individually at such meetings.

Finally, on behalf of the Board, I convey our best wishes for 2018 and for a peaceful and Happy Christmas.



Philip G.H. Collins
Chairman

9th November 2017

WYNNSTAY PROPERTIES PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2017

1. STATEMENT OF COMPREHENSIVE INCOME

	Unaudited		Audited
	Six months ended		Year ended
	29th September	29th September	25th March
	2017	2016	2017
	£'000	£'000	£'000
Property Income	1,116	962	2,028
Property Costs	(88)	(38)	(131)
Administrative Costs	<u>(250)</u>	<u>(223)</u>	<u>(528)</u>
	778	701	1,369
Movement in fair value of:			
Investment Properties	–	–	2,199
Profit on Sale of Investment Property	132	–	–
Operating Income	<u>909</u>	<u>701</u>	<u>3,568</u>
Investment Income	–	2	3
Finance Costs	<u>(185)</u>	<u>(180)</u>	<u>(373)</u>
Income before Taxation	725	524	3,198
Taxation	<u>(143)</u>	<u>(101)</u>	<u>(401)</u>
Income after Taxation	<u>581</u>	<u>423</u>	<u>2,797</u>

The company has no other items of comprehensive income

WYNNSTAY PROPERTIES PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2017

2. STATEMENT OF FINANCIAL POSITION

	Unaudited 29th September 2017 £'000	Unaudited 29th September 2016 £'000	Audited 25th March 2017 £'000
Non Current Assets			
Investment Properties	28,765	27,296	29,515
Investments	3	3	3
	<u>28,768</u>	<u>27,299</u>	<u>29,518</u>
Current Assets			
Accounts Receivable	355	258	455
Cash and Cash Equivalents	1,202	996	1,075
	<u>1,557</u>	<u>1,254</u>	<u>1,530</u>
Current Liabilities			
Accounts Payable	(971)	(911)	(1,039)
Income Taxes Payable	(338)	(281)	(195)
	<u>(1,309)</u>	<u>(1,192)</u>	<u>(1,234)</u>
Net Current Assets	<u>248</u>	<u>64</u>	<u>296</u>
Total Assets	29,016	27,363	29,814
Non-Current Liabilities			
Bank Loans Payable	(10,240)	(11,319)	(11,340)
Deferred Tax Payable	(208)	(3)	(209)
	<u>(10,448)</u>	<u>(11,322)</u>	<u>(11,549)</u>
Net Assets	<u><u>18,568</u></u>	<u><u>16,041</u></u>	<u><u>18,265</u></u>
Capital and Reserves			
Share Capital	789	789	789
Treasury Shares	(1,570)	(1,570)	(1,570)
Share Premium Account	1,135	1,135	1,135
Capital Redemption Reserve	205	205	205
Retained Earnings	18,010	15,482	17,706
	<u>18,568</u>	<u>16,041</u>	<u>18,265</u>

WYNNSTAY PROPERTIES PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2017

3. STATEMENT OF CASHFLOW

	Unaudited		Audited
	Six months ended		Year ended
	29th September 2017 £'000	29th September 2016 £'000	25 March 2017 £'000
Cashflow from operating activities			
Income before taxation	725	525	3,198
Adjusted for:			
Amortisation of deferred finance costs	–	–	28
(Increase) in fair value of investment properties	–	–	(2,199)
Interest income	–	(2)	(3)
Interest expense	185	180	373
Profit on disposal of investment properties	–	–	–
Changes in:			
Trade and other receivables	100	15	(136)
Trade and other payables	(68)	9	99
Income taxes paid	–	–	(181)
Interest paid	(188)	(180)	(345)
Net cash from operating activities	<u>754</u>	<u>547</u>	<u>834</u>
Cashflow from investing activities			
Interest and other income received	–	2	3
Purchase of investment properties	–	(2,066)	(2,086)
Sale of investment properties	750	–	–
Net cash from investing activities	<u>750</u>	<u>(2,064)</u>	<u>(2,083)</u>
Cashflow from financing activities			
Dividends paid	(278)	(222)	(371)
Repayments on bank loans	(1,100)	–	–
Drawdown on bank loans	–	1,352	1,312
Net cash used in financing activities	<u>(1,378)</u>	<u>1,130</u>	<u>941</u>
Net (decrease)/ increase in cash and cash equivalents	127	(387)	(308)
Cash and cash equivalents at beginning of period	1,075	1,383	1,383
Cash and cash equivalents at end of period	<u>1,202</u>	<u>996</u>	<u>1,075</u>

WYNNSTAY PROPERTIES PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2017

4. STATEMENT OF CHANGES IN EQUITY

UNAUDITED SIX MONTHS ENDED 29TH SEPTEMBER 2017

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 26th March 2017	789	205	1,135	(1,570)	17,706	18,265
Total comprehensive income for the period	–	–	–	–	581	581
Dividends – note 6	–	–	–	–	(278)	(278)
Balance at 29th September 2017	789	205	1,135	(1,570)	18,009	18,568

UNAUDITED SIX MONTHS ENDED 29TH SEPTEMBER 2016

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 26th March 2016	789	205	1,135	(1,570)	15,280	15,839
Total comprehensive income for the period	–	–	–	–	423	423
Dividends – note 6	–	–	–	–	(222)	(222)
Balance at 29th September 2016	789	205	1,135	(1,570)	15,481	16,041

AUDITED YEAR ENDED 25TH MARCH 2017

	Share Capital	Capital Redemption Reserve	Share Premium Account	Treasury Shares	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 26th March 2016	789	205	1,135	(1,570)	15,280	15,839
Total comprehensive income for the year	–	–	–	–	2,797	2,797
Dividends – note 6	–	–	–	–	(371)	(371)
Balance at 25th March 2017	789	205	1,135	(1,570)	17,706	18,265

WYNNSTAY PROPERTIES PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2017

5. ACCOUNTING POLICIES

Wynnstay Properties PLC is a public limited company incorporated and domiciled in England and Wales. The principal activity of the Company is property investment, development and management. The Company's ordinary shares are traded on the Alternative Investment Market.

Basis of Preparation

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting*. They do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.

The unaudited condensed interim financial statements should be read in conjunction with the financial statements of the Company as at and for the year ended 25th March 2017 which were prepared in accordance with IFRS as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, and have been reported on by the Company's auditors. The financial information for the interim periods ended 29th September 2017 and 29th September 2016 has not been audited and the auditors have not reported on or reviewed these interim financial statements. The information for the year ended 25th March 2017 has been extracted from the latest published audited financial statements.

Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are those relating to the fair value of investment properties.

Investment Properties

All the Company's investment properties are revalued annually and stated at fair value at 25th March. The aggregate of any resulting surpluses or deficits are recognised through the statement of comprehensive income.

Depreciation

In accordance with IAS 40, freehold and leasehold investment properties are included at the reporting date at fair value, and are not depreciated.

Depreciation of other plant and equipment is on a straight line basis calculated at annual rates estimated to write off each asset over its useful life of 5 years.

Disposal of Investments

The gains and losses on the disposal of investment properties and other investments are included in the statement of comprehensive income in the year of disposal.

Property Income

Property income represents the value of accrued charges under operating leases for rental of the Company's properties. Revenue is measured at the fair value of the consideration received. All income is derived in the United Kingdom. .

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax is the expected tax payable on the taxable income for the year based on the tax rate enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of prior years. Taxable profit differs from income before tax as reported in the income statement because it excludes items of income or expense that are deductible in other years, and it further excludes items that are never taxable or deductible.

WYNNSTAY PROPERTIES PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2017

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits, and is accounted for using the financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences (including unrealised gains on revaluation of investment properties) and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The Company provides for deferred tax on investment properties by reference to the tax that would be due on the sale of the investment properties.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, including deferred tax on the revaluation of the asset.

Investments

Quoted investments are recognised as held at fair value, and are measured at subsequent reporting dates at fair value, which is either at the bid price, or the latest traded price, depending on the convention of the exchange on which the investment is quoted. Changes in fair value are recognised in profit or loss.

Trade and other accounts receivable

Trade and other receivables are initially measured at fair value as reduced by appropriate allowances for estimated irrecoverable amounts. All receivables do not carry any interest and are short term in nature.

Cash and cash equivalents

Cash comprises cash at bank and on demand deposits. Cash equivalents are short term (less than three months from inception), repayable on demand and which are subject to an insignificant risk of change in value.

Trade and other accounts payable

Trade and other payables are initially measured at fair value. All trade and other accounts payable are not interest bearing.

Comparative information

The information for the year ended 25 March 2017 has been extracted from the latest published audited financial statements.

Pensions

Pension contribution towards employees' pension plans are charged to the statement of comprehensive income as incurred. The pension scheme is a defined contribution scheme.

6. DIVIDENDS

Period	Payment Date	Per share (pence)	Amount absorbed £'000
6 months to 29th September 2017	15th Dec 2017	6.5	178
6 months to 29th September 2016	23rd Dec 2016	5.5	151
Year ended 25th March 2017	21st July 2017	10.25	278

7. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing income after taxation attributable to Ordinary Shareholders of £581,000 (2016: £423,000) by the weighted average number of 2,711,617 ordinary shares in issue during the period (2016: 2,711,617). There are no instruments in issue that would have the effect of diluting earnings per share.

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